

UNITED STATES DISTRICT COURT
 for the
Eastern District of Michigan

United States of America

v.

William A. Smith

Case No.

Case: 2:24-mj-30217

Assigned To : Unassigned

Assign. Date : 6/4/2024

Description: RE: SEALED MATTER
 (EOB)

CRIMINAL COMPLAINT

I, the complainant in this case, state that the following is true to the best of my knowledge and belief.

On or about the date(s) of November 2012 until May 2024 in the county of Wayne in the
Eastern District of Michigan, the defendant(s) violated:

Code Section

Offense Description

18 U.S.C. §1343

Wire Fraud

18 U.S.C. §1344

Bank Fraud

This criminal complaint is based on these facts:

See attached affidavit.

Continued on the attached sheet.



Complainant's signature

Timothy Hoff, Special Agent, Federal Bureau of Investigation

Printed name and title



Judge's signature

Hon. R. Steven Whalen, United States Magistrate Judge

Printed name and title

Sworn to before me and signed in my presence
 and/or by reliable electronic means.

Date: June 4, 2024

City and state: Detroit, MI

**AFFIDAVIT IN SUPPORT OF
A CRIMINAL COMPLAINT**

I, Timothy Hoff, being first duly sworn, hereby depose and state as follows:

INTRODUCTION AND AGENT BACKGROUND

1. I make this affidavit in support of an application for a criminal complaint charging the above individual with wire fraud in violation of 18 U.S.C. § 1343 and bank fraud in violation of 18 U.S.C. § 1344.

2. I am a Special Agent with the Federal Bureau of Investigation (FBI) and have been since March 7, 2004. Since approximately 2011, I have been assigned to the Detroit Field Office's Complex Financial Crimes (commonly referred to as white collar crime) squad. During my tenure, I have investigated federal crimes including mail and wire fraud, racketeering, money laundering, bank fraud, and conspiracies to commit those offenses. In addition to new agent training at the FBI Academy, I have attended conferences and seminars on complex financial crimes and health care fraud. I have also presented on financial crimes matters at conferences held by private industry and by the Executive Office of the United States Attorney in Washington, D.C. I have been the affiant on numerous criminal complaints and search warrants involving financial fraud schemes.

3. This affidavit is intended to show merely that there is sufficient probable cause for the requested criminal complaint and arrest warrant and does not set forth all of my knowledge about this matter. The information stated below is based upon my personal observations as well as information received from other special agents of the FBI, the Michigan State Police, and other reliable sources.

4. All events referenced in this affidavit are alleged to have occurred on or about the date specified.

EXECUTIVE SUMMARY

5. WILLIAM A. SMITH was employed as the Chief Financial Officer of the Detroit Riverfront Conservancy from 2011 until May 2024 when he was placed on leave¹. Beginning as early as November 2012 and continuing until his suspension, SMITH embezzled funds belonging to the Detroit Riverfront Conservancy, falsified documents to conceal his theft from the Conservancy's Board and Conservancy employees, and fraudulently obtained a \$5 million line of credit from a financial institution secured by the Conservancy's pledged donations after SMITH's embezzlement threatened to exhaust the Conservancy's cash reserves. SMITH used the embezzled funds for his own personal gain and

¹ On May 31, 2024 the Detroit Riverfront Conservancy terminated Smith's employment for cause.

enrichment, spending the funds on airline tickets, hotels, limousines, household goods, lawn care, clothing, and jewelry.

BACKGROUND

6. This investigation concerns embezzlement and bank fraud involving the Detroit Riverfront Conservancy Inc. (the Conservancy). The Conservancy is a 501(c)(3) organization formed with the mission of developing access to the Detroit International Riverfront. The entire vision is 5 ½ miles of Riverfront property, from the Ambassador Bridge to Gabriel Richard Park, just east of the Belle Isle Bridge, and will include the construction of a continuous RiverWalk along with plazas, pavilions and green spaces.² The Conservancy is funded by a combination of public and private funds. In 2018, the Ralph C. Wilson, Jr. Foundation gave a \$40 million grant to the Conservancy.³ The Conservancy has also received federal grants through the Environmental Protection Agency as well as state funding. In 2020, the EPA signed a \$2.5 million agreement with the Conservancy to remediate contaminated sediment and create a new habitat along the Ralph C. Wilson, Jr. Centennial Park funded through the Great Lakes Legacy Act.⁴

² <https://detroitriverfront.org/our-story>

³ <https://www.dailydetroit.com/50-million-gift-from-the-ralph-c-wilson-jr-foundation-will-transform-west-riverfront-park/>

⁴ <https://www.epa.gov/newsreleases/epa-announces-25-million-plan-advance-cleanup-detroit-river-area-concern>

7. Comerica Bank and Citizens Bank are financial institutions as defined by 18 U.S.C. § 20 and maintained that status throughout all time periods relevant to this complaint.

DEFENDANT

8. WILLIAM A. SMITH is a 51-year-old male with residences in Northville and Redford Township, Michigan. SMITH was hired by the Detroit Riverfront Conservancy as senior director of finance in 2006. He was promoted to the Chief Financial Officer (CFO) in 2011.⁵ SMITH was a finalist for the Crain's CFO of the Year Award in 2013. SMITH also served on the board of directors for Develop Detroit, a non-profit company that specializes in affordable and mixed-income housing.⁶

PROBABLE CAUSE

9. WILLIAM A. SMITH served as the Chief Financial Officer of the Conservancy from 2011 until May 10, 2024, when he was placed on paid leave. On May 17, 2024, SMITH was placed on unpaid leave. In his position as CFO, SMITH had sole access and control over the Conservancy's business checking

⁵ <https://www.crainsdetroit.com/article/20130526/AWARDS03/305269989/william-smith>

⁶ <https://www.developdetroit.org/our-mission>

account at Comerica Bank ending in digits 0923. He also had access to and control of the Conservancy's accounts at Citizens Bank.

10. SMITH has established many other business entities in the State of Michigan. Two of his businesses have been directly involved in disbursements from the Conservancy's Comerica account ending -0923. Those entities are The Joseph Group & Associates LLC and William Smith & Associates LLC.

11. State of Michigan Department of Licensing and Regulatory Affairs (LARA) records show that The Joseph Group & Associates LLC was organized by WILLIAM SMITH and another individual in October 2012. The articles of organization showed that the business purpose or activity was "marketing." SMITH is listed as the registered agent. The address shown was 33006 Seven Mile Road Suite 192 in Livonia, Michigan.

12. LARA records show that SMITH formed William Smith & Associates LLC in 2001. The address shown was 33006 Seven Mile Road Number 172 in Livonia, Michigan. No annual statements were filed between October 2017 and March 2022. On April 18, 2022, SMITH filed annual statements for 2018 through 2022 along with a certificate of restoration of good standing.

American Express Activity

13. On May 16, 2024, MSP officers executed a state search warrant of SMITH's office at the Conservancy, taking many but not all documents and records located therein. On May 31, 2024, FBI agents executed a subsequent search warrant of SMITH's office at the Conservancy, in order to secure the remaining material in the office. His office has been kept locked since he was placed on leave, including during the time between the MSP and FBI searches. A large stack of dated American Express monthly statements located in SMITH's office at the Conservancy showed that a Business Platinum Card account ending - 0-87001 was opened in the name W A Smith and Assoc / WILLIAM A. SMITH. The mailing address on the statements was 33006 7 Mile Rd # 172 Livonia Michigan – the same address shown on the LARA filings for William Smith & Associates LLC. The statements indicated that four American Express cards were issued on the account, including to SMITH and his wife and other family members. The Conservancy did not maintain any American Express Corporate Cards and had no relationship to this account.

14. Comerica Bank statements showed that on November 5, 2012 there was an Amex Epayment ACH payment from the Conservancy's account ending in -0923 in the amount of \$89,339.43. On November 30, 2012, there was a second Amex payment of \$47,231.21.

15. The February 2013 American Express statement shows an online payment to SMITH's AmEx account on February 2, 2013 in the amount of \$60,330.55. Bank statements obtained from Comerica showed that an Amex payment ACH payment in the same amount was posted to the Conservancy's checking account ending -0923 two days later. My review of SMITH's AmEx statements showed that in January 2013 SMITH had purchased airline tickets for himself and others, paid insurance premiums, and made significant purchases of clothing and jewelry. For example, on January 3, 2013, SMITH made a \$4,850.00 purchase of men's clothing from Revive in Birmingham, Michigan. SMITH also made a \$5,618.00 jewelry purchase from Diamonds Direct in Southfield, Michigan on January 24, 2013.

16. The March 2013 American Express statement showed a \$12,900.44 charge from Draper Chevrolet Toyota in Saginaw, Michigan on March 8, 2013. The following day, there was a \$17,452.80 charge from Louis Vuitton. Comerica and American Express statements showed that on March 14, 2013, SMITH made a \$96,002.12 electronic payment from the Conservancy's Comerica account ending -0923 to his American Express account.

17. My review of the June 2013 American Express statement revealed that SMITH used more than \$22,000 of Conservancy funds for his residence. The Amex card issued in SMITH's wife's name included the following charges:

Date	Description	Amount
6/10/2013	Scott Shuptrine Interiors Royal Oak	\$2,122.00
6/10/2013	Trugreen: Lawn Care	\$167.48
6/10/2013	Scott Shuptrine Interiors Royal Oak	\$3,250.00
6/15/2013	The Home Depot	\$169.43
6/17/2013	Art Van Furniture	\$500.00
6/20/2013	Wayfair: Jemma Hall Mirror	\$376.90
6/28/2013	Wayfair: Lindsey Pillow, Bristol Butter Warmer, 8 Piece Nantucket Set, 21 Piece Lugano Taster Series	\$272.45
6/29/2013	The Home Depot	\$7,247.87
6/29/2013	Sherwood Studios West Bloomfield	\$8,000.00

According to their website⁷, “The Scott Shuptrine name is synonymous with luxury. We bring an exclusive, premium level of home furnishings and service to Illinois, Michigan, and Ohio making world-renowned interior design accessible for today’s discerning décor enthusiast.” These household items were funded by Conservancy funds. Comerica and American Express statements showed that on July 1, 2013, SMITH made a \$56,142.73 electronic payment from the Conservancy’s Comerica account ending -0923 to his American Express account.

⁷ <https://www.scottshuptrine.com/about/>

18. Based upon my interviews with Conservancy staff and review of bank documents, I know that the Conservancy had a corporate credit card account from Citizens Bank, not American Express. I interviewed Conservancy interim CEO R.S. who noticed huge payments to American Express on the Comerica statements. R.S. contacted other Conservancy employees, M.W. and W.W., who were also surprised by the American Express transactions because the Conservancy did not have an American Express corporate charge card account. SMITH was not authorized to use Conservancy funds to pay personal expenses, and based upon my review of American Express statements located in SMITH's office, I believe that SMITH used his American Express card for transactions that were not legitimate business expenses.

19. The payments to American Express using Conservancy funds continued until March 2024. Pricewaterhouse Coopers (PwC), an accounting firm hired by the Conservancy, has conducted an analysis of the available bank records. PwC reported that there were approximately \$14.9 million in Amex Epayments from the Conservancy Comerica account ending -0923 between November 2012 and March 2024. PwC compiled this information on a spreadsheet. I have reviewed the PwC spreadsheet and the underlying bank records and can verify the accuracy of the PwC computations.

20. The Amex Epayments were identified on the statements as ACH transactions. All ACH payments are routed and processed by the U.S. Federal Reserve or the Clearing House Payments Company, a private business owned by 24 of the world's largest commercial banks.⁸ The Clearing House's ACH payments service, called the Electronic Payments Network, is responsible for approximately half of all U.S. commercial ACH payment volume. The U.S. Federal Reserve banks handle the other half of ACH transactions. Because SMITH made electronic payments online from locations in Michigan, using an account at Comerica Bank which has its headquarters in Texas, to American Express which has its payment processing facility in California, all via the ACH system, there is probable cause to believe that SMITH caused certain writings, signs, or signals to be transmitted by means of wire communication in interstate commerce for the purpose of executing this scheme.

⁸ <https://www.forbes.com/advisor/banking/ach-payments/#What%20Is%20Ach?>

The Joseph Group

21. Beginning in February 2013, SMITH wired funds from the Conservancy's account ending -0923 to The Joseph Group.⁹ As indicated above, SMITH formed The Joseph Group & Associates approximately four months earlier. On February 4, 2013, there was a \$95,000 wire transfer from the Conservancy's Comerica account ending -0923 to The Joseph Group, followed by another \$75,000 a week later.

22. I have interviewed the Chairman of the Conservancy Board as well as the Conservancy's staff accountant. Based upon my interviews, I know that The Joseph Group was not an approved vendor and has not provided any goods or services to the Conservancy.

23. Comerica bank statements for account ending -0923 showed 259 wire transfers to The Joseph Group between 2013 and 2024.

24. PwC reported that there were approximately \$24.4 million in wire transfers from the Comerica account ending -0923 to The Joseph Group between February 2013 and February 2024. PwC compiled this information on a

⁹ Comerica bank statements truncated the wire beneficiary name to "The Joseph Gro."

spreadsheet. I have reviewed the PwC spreadsheet and the underlying bank records and can verify the accuracy of the PwC computations.

The Concealment

25. SMITH concealed the above payments to his American Express and The Joseph Group accounts from the Conservancy's employees and board members. SMITH, as the CFO, was the immediate supervisor of W.W., a staff accountant, who has worked for the Conservancy since 2009. W.W. was responsible for recording transactions in the Conservancy's QuickBooks database, a popular accounting software used by small businesses and accountants.

26. SMITH provided W.W. with paper copies of the Comerica bank statements for the Conservancy's account ending in -0923. Since the COVID-19 pandemic, W.W. has worked remotely and met SMITH roughly four times a year at the parking lot of a Honey Baked Ham store in Ann Arbor, Michigan. W.W. was expected to complete the QuickBooks entries, which included inputting the Comerica bank transactions, within three days. W.W. asked SMITH for access to the Comerica online banking portal so that she could pull the statements directly, but SMITH ignored her requests, providing her with paper statements only. SMITH was the only individual at the Conservancy who had the password for the Comerica online banking portal.

27. The paper statements provided by SMITH to W.W. were altered.

These statements falsely inflated the available balance in the account and replaced the transactions involving American Express ACH payments and wire transfers to The Joseph Group with other fictitious information. For example, I compared the statements which SMITH had given to W.W. for July 2023 (the SMITH statements) with statements obtained directly from Comerica Bank (the Comerica statements). The SMITH statements showed a beginning balance of \$2,058,829.17 on July 1, 2023; and an ending balance of \$2,302,164.85 on July 31, 2023. According to the Comerica statements, on July 1, 2023, the true beginning balance was a mere \$21,064.87 and the ending balance was \$134,161.66 – a difference of more than \$2 million between the actual statements and the false statements SMITH provided W.W.

28. Both the SMITH statements and the Comerica statements showed that there were 16 electronic withdrawals in July 2023. However, the Comerica statements showed two wire transfers from the Conservancy's account ending - 0923 to The Joseph Group and an ACH payment to American Express which were not listed on the SMITH statements. SMITH replaced these withdrawals with much smaller payments to "American Express Axp Disent." The following table illustrates how SMITH concealed the moneys he took for his own benefit:

Date	Comerica Statements		SMITH Statements	
	Description	Amount	Description	Amount
7/13/2023	Wire Bnf The Joseph Gro	\$48,600.00	American Express Axp Discnt	\$ 65.15
7/14/2023	Amex Epayment ACH Pmt	\$51,672.33	American Express Axp Discnt	\$ 72.33
7/27/2023	Wire Bnf The Joseph Gro	\$26,800.00	American Express Axp Discnt	\$ 82.65

The SMITH statements showed that the total electronic withdrawals for July 2023 was only \$18,540.47. The actual total value of withdrawals shown on the Comerica statements was \$148,689.

29. SMITH occasionally provided statements to W.W. in which he replaced withdrawals taken for his own benefit with much larger payments to a known vendor, which also served to conceal his embezzlement. These transactions were intended to appear to be legitimate vendor payments. For example, on September 21, 2023, the Comerica statements showed that there was a \$97,200.00 wire transfer to The Joseph Group. On the SMITH statements provided to W.W., the \$97,200 wire transfer was replaced with a \$1,978,205.50 wire transfer to State of Michigan. A Post-It note on the statement SMITH gave to W.W. indicated \$1,978,205.50 was to pay MDOT. The Michigan Department of Transportation is an approved vendor for the Conservancy and serves in a general contractor capacity for improvement projects on the riverfront. I believe that the purported payment to MDOT for work allegedly performed at this time was fictitious and

intended to conceal many of the large disbursements to SMITH's American Express account and The Joseph Group over time.

Citizens Bank Loan

30. On May 8, 2024, Conservancy personnel discovered that the Conservancy had obtained a \$5 million line of credit with Citizens Bank. The Conservancy's operating expenses and working capital were funded through public and private grants. (See ¶ 7 above). I interviewed the Conservancy's Chair, interim CEO, and Corporation Secretary and they unanimously told me that the Conservancy's donations and public funding were more than sufficient to cover its projects and legitimate expenses, and there was no need for such a line of credit.

31. An internal search of the Conservancy's e-mail server, conducted by their IT manager, revealed messages between SMITH and B.A., a vice president and relationship manager at Citizens Bank. On March 29, 2023, B.A. e-mailed SMITH asking "Do you have documentation that supports you as sole signer for all things related to financing?" SMITH responded two hours later saying "Attached is requested info. Also rate is fine. Thanks for getting this done." Attached to SMITH's e-mail was a "Corporation Certificate of Authority," purportedly signed by J.P., Corporation Secretary, on December 9, 2022. According to the document, the Board of Directors resolved during a meeting on December 8, 2022 that

SMITH, as CFO, was fully authorized to “execute and commit the Corporation to the conditions, obligations, stipulations and undertakings contained in any Contract.”

32. I interviewed J.P. about the Corporation Certificate of Authority. J.P. stated that this was not her signature and that she had not seen the document prior to May 8, 2024. Prior to the interview, J.P. reviewed the Board of Directors' records and her personal calendar. Neither the agenda for the December 8, 2022 board meeting nor the minutes of that meeting referred to any resolution such as the one described in SMITH's e-mail to B.A. granting him authority. The records did show that SMITH was present at the December 8, 2022 board meeting. Also, J.P. stated that on December 9, 2022, the day she purportedly signed the certificate, she was working offsite all day.

33. Citizens Bank approved and funded the line of credit on March 31, 2023. The original credit limit was \$3.5 million. An additional \$2 million was approved on March 18, 2024. Based upon my training and experience, I know that banks routinely disburse funds from lines of credit through internal credits to checking accounts at the same financial institution.

34. The Conservancy maintained a commercial checking account ending - 6260 at Citizens Bank. This account was designated as the Conservancy's General Operating Account. Citizens Bank statements showed that there was a \$2.5 million

commercial loan deposit into this account on January 18, 2024. On the same date, the Citizens statements showed a \$175,000 outgoing wire transfer. The Comerica statements for account ending -0923 showed an incoming wire transfer of \$175,000 on the same date. Therefore, I believe that SMITH wired \$175,000 of the Citizens loan proceeds into the Comerica account ending -0923.

35. It was necessary for SMITH to wire the funds from the Citizens Bank account into the Comerica Bank account because W.W., the Conservancy's staff accountant, had online access to the Citizens banking portal. As stated above, SMITH ignored W.W.'s requests for similar access to the Comerica portal forcing W.W. to rely upon paper statements provided by SMITH.

36. The Comerica statements showed that there was a \$126,300 wire transfer to The Joseph Group on January 22, 2024. There was also a \$65,226.00 Amex Epayment on January 23, 2024. Without the money from the Citizens Bank transfers, there would not have been sufficient funds for SMITH to make the payments to The Joseph Group and his American Express account.

CONCLUSION

37. As described above, WILLIAM SMITH made numerous electronic funds transfers from the Conservancy's Comerica account ending -0923 for his own personal benefit and enrichment. He also created false and fraudulent

Comerica Bank statements to conceal payments to his company, The Joseph Group. His fraudulent Comerica Bank statements also concealed his use of Conservancy funds to pay American Express bills for cards issued to SMITH and his family members. Together, these unauthorized payments (to The Joseph Group and American Express) totaled approximately forty million dollars. SMITH personally provided these false and fraudulent Comerica Bank statements to the Conservancy's staff accountant. The false information in those statements was used to generate reports relied upon by the board of directors. Having exhausted the Conservancy's cash holdings, SMITH obtained a five-million-dollar line of credit from Citizens Bank in an effort to cover cash shortfalls caused by his embezzlement, and for his own benefit. The Citizens Bank line of credit was approved and funded based upon SMITH's false and fraudulent representations that he was authorized by the Conservancy to act independently on its behalf.

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38. Based upon the above facts, there is probable cause to believe that WILLIAM SMITH executed a scheme to obtain money from the Conservancy and Citizens Bank based upon false and fraudulent representations in violation of Title 18 United States Code §§ 1343 and 1344.

Respectfully submitted,



Timothy Hoff
Special Agent
Federal Bureau of Investigation

Sworn to before me and signed in my presence and/or by reliable electronic means.



HONORABLE R. STEVEN WHALEN
United States Magistrate Judge

Date: June 4, 2024